

## Message Text

UNCLASSIFIED

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ACTION EB-07

INFO OCT-01 ARA-10 EUR-12 IO-13 ISO-00 AGRE-00 COME-00

TRSE-00 ITC-01 SP-02 L-03 CIAE-00 DODE-00 INR-07

NSAE-00 PA-02 USIA-15 PRS-01 OMB-01 /075 W

-----182108Z 067213 /41

P 181910Z MAY 77

FM AMEMBASSY SAN SALVADOR

TO SECSTATE WASHDC PRIORITY 4338

INFO AMEMBASSY BELIZE

AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

USMISSION GENEVA

AMEMBASSY GUATEMALA

AMEMBASSY LONDON

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMCONSUL RIO DE JANEIRO

AMEMBASSY SAN JOSE

AMCONSUL SAO PAULO

AMEMBASSY TEGUCIGALPA

UNCLAS SAN SALVADOR 2334

E.O. 11652: N/A

TAGS: ECON, XK, ES

SUBJECT: CENTRAL MILD COFFEE OFFICIALS CONSULT

REF: SAN SALVADOR 2334

1. MEETING OF CENTRAL MILD PRODUCERS CONCLUDED MEETING MAY 14.

FOLLOWING IS EMBASSY TRANSLATION OF STATEMENT TO PRESS:

"THE COFFEE EXPORTERS OF CENTRAL AMERICA AND COLOMBIA,  
CONCLUDING A WORKING MEETING HELD AT THE OFFICES OF THE SALVADORAN  
COFFEE COMPANY IN SAN SALVADOR, DECLARE AS FOLLOWS:

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FIRST, THAT DURING THE 12TH AND 13TH OF MAY THEY HAVE CAREFULLY  
AND OBJECTIVELY EXAMINED THE STATISTICAL INFORMATION AVAILABLE  
ON STOCKS IN CONSUMING COUNTRIES, THE AMOUNTS OF COFFEE ABOARD  
SHIPS AND READY FOR EXPORT, THE BALANCES OF CROPS IN PRODUCING  
COUNTRIES AND ESTIMATES OF NEW CROPS AND THE BEHAVIOR O/H  
CONSUMPTION;

SECOND, THAT THE STATISTICAL SITUATION OF COFFEE SHOWS THAT  
WORLD RESERVES OF COFFEE FOR EXPORT ARE DIMINISHING RAPIDLY;

THIRD, THAT, AS IS WELL KNOWN, IT IS NOT UNTIL NOVEMBER THAT THE  
HARVEST BEGINS IN COUNTRIES WHICH PRODUCE THE MAJOR PROPORTION  
OF COLOMBIANS, OTHER MILDS AND ROBUSTAS;

FOURTH, THAT THE FOREGOING INDICATES CLEARLY THAT THE DECLINES  
IN THE LONDON AND NEW YORK COFFEE MARKETS EXPERIENCED IN RECENT  
DAYS ARE DUE SOLELY TO SPECULATIVE MANEUVERS AND NOT TO AN  
INCREASE, PRESENT OR IN PROSPECT, IN THE SUPPLY OF COFFEE FOR  
EXPORT;

FIFTH, THAT DURING RECENT MONTHS THE PRODUCING COUNTRIES HAVE  
REGULARLY SUPPLIED THE COFFEE REQUIREMENTS OF CONSUMERS AT PRICES  
DETERMINED BY THE INEXORABLE LAW OF SUPPLY AND DEMAND:

SIXTH, THAT, IN THE LAST FEW WEEKS, A SPECULATIVE  
MOVEMENT HAS APPEARED IN THE NEW YORK AND LONDON MARKETS TO DEPRESS  
THE PRICE OF COFFEE;

SEVENTH, THAT, NEVERTHELESS, THE FOB PRICE IN EXPORTING COUNTRIES  
REMAINS THE SAME, REFLECTING THE SCARCITY AND THE REJECTION BY  
PRODUCERS OF SPECULATIVE MANEUVERS, WHICH HAVE NEVER SERVED THE  
BEST INTERESTS OF CONSUMERS AND PRODUCERS.

EIGHT, THAT IT HAS BEEN CONCLUDED FROM THIS GENERAL REVIEW OF  
THE SITUATION THAT, GIVEN THE FREE PLAY OF SUPPLY AND DEMAND,  
THE PRICE WILL NOT ONLY RECOVER BUT IN ALL LIKELIHOOD EXCEED  
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LEVELS PREVIOUSLY ACHIEVED."

2. PRODUCER REPRESENTATIVES WILL REPORTEDLY MEET AGAIN  
NEXT WEEK IN MEXICO.  
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NNN

## Message Attributes

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**Review Markings:**  
Margaret P. Grafeld  
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